



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

M/035/011

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

FACSIMILE COVER SHEET

DATE: FEB. 21, 1996

NUMBER OF PAGES INCLUDING THIS COVER SHEET: 6

TO: DAWN ELTON
POULTON

FAX NUMBER: 268-2674

FROM: TONY GALLEGOS

Minerals Reclamation and Development Program

PHONE: (801) 538-5340

FAX: (801) 359-3940

SUBJECT: M/035/011 & M/035/002 UCD MODERNIZATION
BONDING

REMARKS: COPIES OF: DOGM RELEASE LETTER OF 2-2-93, KENNECOTT
TRANSMITTAL LETTER OF 1-20-93, DOGM BOARD MEMO OF
1-15-93, KENNECOTT REVISED RECLAMATION CONTRACT LETTER
OF 1-12-93

Should you encounter any problems with this copy, or do not receive all the pages, please call

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FEB-21-96 WED 05:02 PM

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SEND (M)

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
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TOTAL 3M 44S PAGES: 6



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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangerter

Governor

Dee C. Hansen

Executive Director

Dianne R. Nielson, Ph.D.

Division Director

355 West North Temple

3 Triad Center, Suite 350

Salt Lake City, Utah 84180-1203

801-538-5340

February 2, 1993

Mr. Frederick D. Fox
Director, Environmental Affairs
Kennecott Utah Copper
P. O. Box 525
Bingham Canyon, Utah 84006-0525

Dear Mr. Fox:

Re: Board Approval, Amount and Form of Replacement Surety, Kennecott Utah Copper, UCD Modernization Project, M/035/011, Salt Lake County, Utah

On January 27, 1993, the Board of Oil, Gas and Mining approved of the amount and form of replacement surety for Kennecott's UCD Modernization Project. This letter is to formally notify you of their decision.

The new \$8,980,000 surety bond (#5728774) from Safeco Insurance Company replaces the \$8,263,990 surety bond (#2S100361315) from Aetna Casualty and Life Insurance Company. We are returning the older surety to you by copy of this letter.

We are also enclosing a copy of the latest signed and approved surety documents for your files. Thank you for your assistance and patience in completing this permitting action. If you have any questions in this regard, please contact me directly.

Sincerely,

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb

Enclosures

cc: Bob Kennedy, Kennecott Corp.
Steve Kern, Safeco

M035011.sur

an equal opportunity employer

Kennecott
Utah Copper
P.O. Box 525
Bingham Canyon, Utah 84006-0525
(801) 569-6506

Frederick D. Fox
Director, Environmental Affairs

January 20, 1993

Kennecott

Mr. Wayne Hedberg, Permit Supervisor
State of Utah Department of Natural Resources
Division of Oil, Gas, and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

Subject: Transmittal of Original Rider to SAFECO Bond No. 5728774
Bingham Canyon Mine, UCD Modernization, M/035/011

Dear Mr. Hedberg:

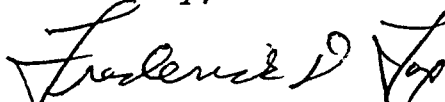
Attached is the original rider to Reclamation Bond No. 5728774 for the Bingham Canyon Mine, UCD Modernization Project, Division of Oil, Gas, and Mining (DOGM) file No. M/035/011. As agreed the effective date shown on the rider corresponds to the regular meeting date of the DOGM Board scheduled for the 27th of January 1993. Please return the Aetna bond that is being replaced by the Safeco bond and rider to Kennecott as soon as the new bond and rider is approved.

Please call me at 569-6555 if you have any question.

RECEIVED

JAN 20 1993

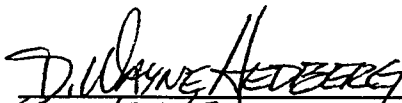
Sincerely,



Frederick D. Fox
Director, Environmental Affairs

DIVISION OF
OIL GAS & MINING

Received By
Date


1/20/93

DD:dmd

Attachments

cc: Ms Joelle Burns, Minerals Secretary, DOGM w/att.



Norman H. Bangerter
Governor
Dee C. Hansen
Executive Director
Dianne R. Nielson, Ph.D.
Division Director

State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

m/035/011

January 15, 1993

TO: Board of Oil, Gas and Mining

THRU: Lowell P. Braxton, Acting Director *LPS*

FROM: D. Wayne Hedberg, Permit Supervisor *DWH*

RE: Request for Board Approval, Amount and Form of Replacement Reclamation Surety, Kennecott Utah Copper, UCD Modernization Project/Copperton Concentrator, M/035/011, Salt Lake County, Utah

The Division seeks the Board of Oil, Gas and Mining's (Board) approval of a replacement surety for Kennecott Utah Copper's (KUC) UCD Modernization Project. Kennecott has changed surety companies and has provided the Division with a replacement reclamation surety bond and updated reclamation contract form. The form of surety is not changing, only the surety company (from Aetna Casualty & Surety Company to Safeco Insurance Company of America). The surety amount has been escalated from \$8,263,900 (1991 dollars) to \$8,980,000 (1998 dollars). Kennecott is in the process of acquiring a signed and dated surety bond *rider* that will become effective upon the Board's acceptance and approval of this replacement surety request.

The following information is attached to assist you in your review of this request:

1. project location map
2. executive summary
3. revised reclamation surety estimate
4. updated reclamation contract (FORM MR-RC)
5. replacement surety bond and rider (MR FORM 5)

Thank you for your time and consideration of this request.

jb
attachments
M035011.brd

Kennecott
Utah Copper
P.O. Box 525
Bingham Canyon, Utah 84006-0525
(801) 569-6506

Frederick D. Fox
Director, Environmental Affairs

Kennecott

January 12, 1993

RECEIVED

JAN 12 1993

DIVISION OF
OIL GAS & MINING

Mr. Wayne Hedberg, Permit Supervisor
State of Utah Department of Natural Resources
Division of Oil, Gas, and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

Subject: Revised Reclamation Contract and Bonding - UCD
Modernization, M/035/011

Dear Mr. Hedberg:

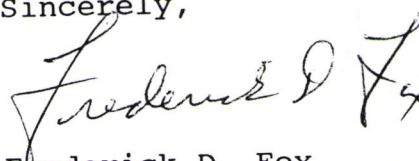
Attached are revised pages 2 and 9 (Attachment "A") of the Reclamation Contract (Form MR-RC), revised page 5 (Attachment 1) of the Surety Bond (Form MR-5) and a Surety Rider to Bond No. 5728774 that increases the total amount of the bond for the UCD Modernization Project to \$8,980,000. Please insert these revised pages in the original Reclamation Contract received at your office on September 15, 1992. The Surety Rider with Power of Attorney is not dated or signed at this time. Once the form and amount have been approved SAFECO will affix the correct effective date and sign the Surety Rider. If the 'effective date' is known, this step can be accomplished prior to the regular DOGM Board meeting on the 27th of January, 1993. Also attached is the requested map which shows the relationship of areas disturbed due to mining related activity, Kennecott Utah Copper (KUC) Property Boundaries, a representation of lands described on Attachment "A", and the permit boundary as detailed in the original permit and subsequent revisions. The attached information should address the changes you have identified related to incomplete sections and the escalation of the bond to 1998 dollars.

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KUC understands the Division's preference to minimize recordkeeping and agrees in principle with the concept of a single reclamation surety for the UCD Modernization Project. However, since costs can vary substantially depending upon the type of surety used, KUC is reevaluating the original bonding estimates. Our intention is to recalculate the surety estimates using currently available software. Once this exercise is completed and the bonding can be reviewed we will be in a better position to determine whether a single bond will be more or less advantageous to KUC.

KUC would like to suggest the 3rd of February, 1993 at 10:00 A.M. as a possible time to meet and discuss mine permitting issues. Please respond if this date and time are suitable or with an alternate date if necessary. Call me at 569-6555 if you have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Frederick D. Fox".

Frederick D. Fox

Director, Environmental Affairs

DD:dmd

Attachments

cc: Ms Joelle Burns, Minerals Secretary, DOGM w/att.